FINAL REPORT

A STUDY OF THE WINNIPEG TAXICAB INDUSTRY AND RELATED PROBLEM AREAS

May, 1988

This study has been prepared by an independent consultant. It does not necessarily reflect the views of the Province of Manitoba or the Taxicab Board.

June 2, 1988

The Taxicab Board
B102D - 1075 Portage Avenue
Winnipeg, Manitoba
R3G 0S1

Attention: Mr. Allan MacDonald, Chairman

Dear Mr. MacDonald:

Touche Ross Management Consultants is pleased to submit this report on the taxicab industry in the City of Winnipeg. We wish to congratulate the Board and participants in the industry for recognizing that changes are necessary. Commissioning of this study was timely and the terms of reference were appropriate.

Our report examines many important issues concerning the taxicab industry in Winnipeg. Pursuant to the terms of reference and your request, our report has been drafted to serve as a discussion paper for use during a consultative process between the Board and the industry. We have attempted to ensure that our recommendations are practical and that they reflect the need for effective and efficient action.

Throughout the study we have had full co-operation from Board members, Board staff and the Department of Highways and Transportation personnel. Many industry participants have assisted us during the interview process. This indicates a high degree of concern with respect to the issues, their resolution, and acceptance of the necessary public role which the industry plays in our City's life.

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Our recommendations are designed to change a number of existing relationships within the Industry. We feel very strongly that a suitable period of consultation is necessary prior to final decisions on these recommendations. We have given considerable attention to ensuring that the level of detail is appropriate to this dialogue.

In closing, we wish to convey our thanks and appreciation for the assistance given to us during the study process by all of those who have been involved. We trust that this report will be of assistance in bringing improvements to the taxicab industry in Winnipeg.

Sincerely,

TOUCHE ROSS MANAGEMENT CONSULTANTS

Leslie A. Johnson, CMC
Partner

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1. INTRODUCTION

1. INTRODUCTION

This chapter describes the background to the study of Winnipeg's taxicab industry. The objectives of the study, the work program, industry issues and organization of the report are also included.

BACKGROUND TO THIS STUDY

The Taxicab Board has expressed concern regarding discharge of the mandate given it by the Taxicab Board Act. There are significant differences of opinion within the industry and the community in general with respect to a wide variety of issues. The Board believes it may be under-resourced for the complex economic, legal and financial decision-making needed to address these issues and exercise its regulatory mandate.

Specifically, the Board has been concerned with the poor public image of the industry, alleged violations of human rights both for passengers and drivers, and safety. Regulation of handivan services has raised questions of Board mandate and jurisdiction. Furthermore, the degree, scope and effectiveness of regulation within the industry is being questioned in the current political and social environment.

In response to these concerns, Manitoba Highways and Transportation, on behalf of the Taxicab Board, issued a Request for Proposal entitled "A Study of the Functions of the Taxicab Board and Related Problem Areas" on August 6th, 1987. Included in this request were the study's objective, scope of work and topic areas which might be included in the study.

Touche Ross Management Consultants responded with a proposal for "A Study of the Function of the Taxicab Board and Related Problem Areas" dated September 4, 1987. An agreement to perform consulting services was entered into on December 11, 1987. The project commenced during the first week of January, 1988.

OBJECTIVE, SCOPE AND WORK UNDERTAKEN

The objective of the study was:

> "to identify and delineate the range of problems faced by the taxicab industry in the City of Winnipeg and to determine what changes in mandate or scope of operations of the Board, if any, would be required for the effective regulation of the industry."

The scope of work was indicated as follows:

> "The consultant will focus upon the taxicab industry in the area of the City of Winnipeg and on the mandate and operations of the Taxicab Board."

Within this scope of work, a number of topic areas were proposed which "may be included for study" (Annex A of the Terms of Reference). These proposed topics are presented below:

- the fare structure;
- owners' return on investment;
- value of licenses and goodwill;
- number of licenses;
- legal authority of the Board;
- racial prejudice;
- human rights;
- regulation of handivans;
- organizational structure of the Board; and,
- expertise of the Board.

The work program undertaken to address the objective and scope of the study, contained four phases, as follows:

- identification of the problems facing the taxicab industry within the City of Winnipeg;
- an analysis of these problems;
- definition and assessment of policy options to solve these problems; and,
- development of recommendations.

Within this work program, the following specific data collection and analysis steps were undertaken:

- selective interviews with drivers, owners, handivan users and regulators;
- consolidation and use of existing data from Board records and files;
- review of documentation from other jurisdictions, including reports and by-laws;
- review of the Taxicab Board Act, including amendments, and current and past regulations;
- review of human rights and public utilities board legislation;
- collection and analysis of available industry statistics;
- development of a model to analyze the financial characteristics of a taxicab license;

- formulation and assessment of policy alternatives; and,

- development of conclusions and recommendations.

A Steering Committee comprised of the Chairman of the Taxicab Board, the Chairman of the Motor Transport Board and a representative from Manitoba Highways and Transportation guided the study process. During the course of the assignment, the Steering Committee met as required and working sessions were held with the Taxicab Board to review the Act and discuss preliminary findings and conclusions.

INDUSTRY PROBLEMS AND ISSUES

Several problems related to the Taxicab industry in Winnipeg had been identified by the Taxicab Board prior to commencement of the study. Other groups and organizations within the City had also presented issues of importance to their respective interests, particularly with respect to service levels and quality. Problems and issues identified by all sources were categorized and defined in order to provide a framework for the study. These are presented below by category.

- **The Functioning of the Taxicab Industry**

  Within this category, there are six important issues which have arisen both prior to and during early stages of the study. Many of these are not new, having been first identified in 1931 by the Municipal and Public Utilities Board which published a report entitled The Taxicab Industry in Greater Winnipeg and again in 1972 by the Taxicab Inquiry Commission in its Final Report. All of the issues in this category are of utmost importance and interest to the industry.

The first concerns the rate of return on capital employed by each license owner. In this case, capital is defined to include the cost of both the license and the vehicle, and rate of return refers to the annual net revenue for the owner following payment of all fixed and variable costs.

The second relates to risk sharing within the industry. Risk sharing is defined in financial terms and concerns the degree of financial risk carried by various industry participants, especially license owners and drivers.

The third is one of driver income. This issue addresses the matter of wages and revenue sharing, the appropriateness, or otherwise, of benefit packages and fairness and equity.

The fourth is the number of taxicab licenses. This issue is concerned with the appropriateness of the current number of licenses in terms of price, quality of service and financial characteristics of the industry.

The fifth is vehicle quality. Considerations here include whether or not the Board should regulate age and condition of vehicles to a greater extent than at present, and the relationship of vehicle condition to overall demand for taxi services.

The sixth in this category concerns the cost of dispatch services. The basis for calculating dispatch costs, and the difference in cost between one dispatch service and another, forms part of this issue.

Mandate and Role of the Taxicab Board

The mandate and role of the Taxicab Board is established by the Taxicab Board Act. There are five important issues within this category. These concern Board size, composition, and tenure, Board practices, finance, enforcement and the age of the Act itself.

With respect to Board size, composition and tenure, the need for specialist Board members, stability of Board membership, Board organization and Board workload are included.

The issue of Board practices refers to the way in which the Board conducts its business, and the resources available to it to support the decision making process.

Finance concerns the Board's ability to operate independently, within the Act, and the adequacy of its budget.

The issue of enforcement is complex. The level of enforcement reflects the degree of regulation and the importance the Board places on monitoring compliance with its decisions.

The age of the Act is an issue as well. First passed in 1935, the Act has undergone few amendments and requires updating in a number of areas, including level of fines and enforcement procedures.

Current Functioning of the Taxicab Board

There are three major issues within this category. These concern the needs of the customer, the industry and regulatory requirements.

Customers require a reliable, available, safe and reasonably priced taxi service.

Participants in the industry have a right to expect a fair and accessible regulatory authority.

The degree to which the industry is regulated, the manner and cost of regulation and the ability of the Board to discharge its responsibilities fully under the Act, constitute the essence of the regulatory issue.

Price, Quality of Service and Customer Expectations

This category of issues addresses customer related matters through four important issues.

The first concerns the appropriateness of the tariff. It must allow for a reasonable rate of return on capital, provide for appropriate driver income, and be within the means of the customer.

The second issue relates to passenger and driver safety. Further definition of driver safety has resulted from a separate study entitled The Report of the Committee on Taxi Driver Safety and Health of the Advisory Council of Workplace Safety & Health, February 1987. Definition of concern for passenger safety has been refined through customer complaints to the Board.

The third issue in this category concerns response time. Response time is defined as the time between placing a request for a taxi and its arrival for the customer.

The fourth issue concerns competition within the industry. The competitive environment, including number of organiza-

tions providing services, opportunities for additional competition and the impact of competition on service, are included within this definition.

- **Handivan Transportation**

The issues included in this category relate to the cost and access of handivan transportation for individual users, quality and design of vehicles and the rate of return on investment.

The issue for handivan users is that access to taxi transportation at a fair cost is a basic right, and that the Board has a responsibility to ensure this right. It is also a matter of concern to users that the quality and design of vehicles should be subject to Board regulation.

Providers of handivan transportation services indicate that the existing tariff is inadequate for earning a reasonable rate of return on their investment. A study in two parts, commissioned by the Government of Manitoba to address this issue in detail, was completed in 1987. Part 1 was entitled The Wheelchair Handi-Cab Industry in Winnipeg and Part 2, Review of Cost of Operations, Viability, Policies and Regulations Respecting the Wheelchair Taxi Industry in Winnipeg - Impact of Policy and Regulation Changes. This study provided a detailed elaboration of the issue with respect to rate of return on investment.

- **Human Rights**

There are two major issues within this category, one addresses discrimination and the other, labour practices.

EXHIBIT 1

SUMMARY OF ISSUES

CATEGORY/ISSUE	ISSUES IDENTIFIED IN THIS STUDY	ISSUES PREVIOUSLY IDENTIFIED
The functioning of the Taxicab Industry		
. rate of return on capital		x
. risk sharing	x	
. driver income	x	
. number of taxicab licenses		x
. vehicle quality	x	
. cost of dispatch service	x	
Mandate and Role of the Taxicab Board		
. board size, composition and tenure		x
. board practices		x
. finance	x	
. enforcement	x	
. age of the Act		x
Current Functioning of the Board		
. customer needs	x	
. industry needs	x	
. regulatory requirements	x	
Price, Quality and Customer Expectation		
. appropriateness of the tariff		x
. passenger and driver safety	x	
. response time	x	
. competition	x	
Handivan Transportation		
. cost for users/appropriateness of the tariff		x
. vehicle quality and design		x
. rate of return on capital		x
Human Rights		
. discrimination		x
. labour practices		x

Source: Terms of reference for the study and data collected on industry problems during the course of the study

Discrimination includes race and physical disability. Labour practices refers to the industry participants, principally drivers, to have access to Manitoba legislation respecting matters of health, safety, wages, compensation and benefits.

Collectively, the issues described above encompass the problems facing the the taxicab industry in Winnipeg. They reflect fully the concerns raised by the Taxicab Board in the Terms of Reference and also address concerns raised by consumers and special interest groups within the community. Exhibit 1 opposite summarizes these issues and indicates which were identified previously and which have been identified during the course of this study.

REPORT

This report should be read in the context of examining the issues defined above. The relative importance and validity of each is reflected in the findings and conclusions, and addressed by a recommendation where warranted.

The methodology used in this study has drawn upon many sources of data which have been synthesized to develop the findings. The conclusions and recommendations are based on a further synthesis reflecting the inter-relationship amongst and between issues and the findings. No one source of data has been given undue importance, and where only one was available, the appropriate finding, conclusion and recommendation is stated in conditional terms.

2. FINDINGS OF THE STUDY

EXHIBIT 2

THE STRUCTURE OF THE INDUSTRY

BREAKDOWN OF WINNIPEG TAXICABS, OWNERS AND DRIVERS
BY COMPANY AS AT FEBRUARY 1987

TAXI COMPANY	NUMBER OF REGULAR TAXIS	NUMBER OF SEASONAL TAXIS	NUMBER OF TAXI OWNERS	NUMBER OF DRIVERS
Cardinal Taxi	1	0	1	1
Duffys Taxi	138	40	109	543
Elite Taxi	1	0	1	1
J & R Taxi	1	0	1	1
Star Taxi	10	0	1	38
Unicity	248	40	246	877
White Taxi	1	0	1	1
TOTALS	400	80	360	1,462

Source: Report of a Committee of Taxi Driver Safety and Health of the Advisory Council on Workplace Safety and Health

2. FINDINGS OF THE STUDY

This chapter provides the findings of the study. These findings have been organized within the same categories as the issues and are substantiated wherever appropriate by specific references to data sources. Appendix 1 contains the bibliography for this study and Appendix 2 provides a description of interviews by category.

THE FUNCTIONING OF THE TAXICAB INDUSTRY

In general, the industry is functioning with a minimal level of regulation. Apart from Board approval for the tariff structure, retention of a level of 400 licenses, and inspection of the vehicles, the industry tends to operate as if there were no regulatory authority.

The reasons for this are largely historical in that relatively little attention was given to the industry between passing of the Taxicab Board Act in 1935 and the creation of the Taxicab Inquiry Commission in 1972. Even since 1972, it is only in very recent years that issues of safety, quality of service and access to taxicab service for the physically disabled have come to the fore. The industry has relied upon its own requirements and resources, in large part, to manage and provide taxicab services in Winnipeg.

The structure of the industry, in terms of numbers of taxis, owners and drivers, is shown opposite in Exhibit 2.

EXHIBIT 3

SUMMARY OF THE FINANCIAL MODEL

ESTIMATED ANNUAL REVENUE, COSTS AND RETURN TO LICENSE OWNERS

ITEM	AMOUNT	% OF TOTAL
REVENUE		
Meter Revenue	$100,000	100.0%
EXPENSES		
Variable Expenses		
Automobile Servicing	$ 6,500	6.5
Drivers	50,000	50.0
Fuel	13,000	13.0
Total	69,500	69.5%
Fixed Expenses		
Automobile Insurance	3,000	3.0
Depreciation	2,000	2.0
Dispatch Services	5,000	5.0
Licenses, Fees, Workers Compensation	1,500	1.5
Major Repairs	2,500	2.5
Owner/Manager Services	2,000	2.0
Total	16,000	16.0%
Total Expenses	$ 85,500	85.5%
RETURN TO LICENSE OWNER	$ 14,500	14.5%

Source: Financial model in Appendix 3 and available data from studies, reports and industry sources.

Findings for each issue are presented below.

- **Rate of Return on Capital**

Data have been collected during the study from many sources. These include confidential interviews with owners, drivers and other industry participants, and previous reports and studies conducted in Manitoba and elsewhere (see Appendix 1 for a listing of these documents). As well, submissions to the Taxicab Board and unsolicited responses from industry participants have been reviewed.

This information was analyzed and used to develop a composite income statement, or financial model, of a taxicab license. Appendix 3 contains the assumptions used in developing the model and Exhibit 3, opposite, provides a summary of estimated annual revenue, costs and return to license owners.

This model presents a composite picture of a business based as a taxicab license in the City of Winnipeg. It assumes an investment of $55,000 in a license, revenue of $100,000 per year, variable costs of $69,500 (69.5%), fixed costs of $16,000 (16%) and a vehicle cost of $6,000.

Under these conditions, the return on the owners investment of $55,000 in the license is $14,500, or 26.4%. If the vehicle is included, the total investment increases to $61,000, and the return decreases, in percentage terms, to 23.8%.

The model can be used to determine sensitivity to changes which might result from policy or regulatory decisions.

For example, if the return on investment were set at 10%, i.e. $6,100 per annum, the surplus, if provided to drivers, could increase drivers' share of revenue by $8,400 to a level of 58.4%. Alternatively, this additional amount could be invested in better or new vehicles, or in reduction of the tariff.

The model can also be used to indicate the value of a license purchased when the cost was lower than at present. The Taxicab Inquiry Commission of 1972 identified selling prices of licenses in the range of $12,000-$18,000 in 1970, and $10,000 in 1966. The rate of return on investment for a license purchased in 1966 would be 145%. For the license purchased in 1970 at the upper end of the cost range of $18,000, the rate of return would be 80.6%.

- **Risk Sharing Within the Industry**

This analysis also indicates the likely degree of financial risk sharing between drivers and owners. Driver cost to owners, which is a variable cost, accounts for 50% of revenue.

With fixed costs of 16% and variable costs of 69.5%, drivers appear to bear greater levels of income and business risk than owners. Owners seem to be optimizing their return on investment by minimizing driver remuneration and investment in vehicles.

- **Driver Incomes**

The analysis also indicates that the average yearly income for a driver likely is in the range of $16,000 - $17,000, including all benefits.

Most drivers are compensated on the basis of 50% of the daily revenue, a practice which appears to be the norm in Winnipeg's industry. This arrangement may not lead to fair compensation. Drivers are treated as "independent contractors" and are neither recognized nor trained as skilled workers.

The labour market for drivers is constricted, with drivers' licenses being issued upon the authority of an owner. This does not appear to be fair to the drivers since the licenses are not universally applicable within the industry, a practice which may not in fact be authorized under the Act.

There is little information on the seriousness of passengers not paying drivers and the impact of unpaid fares on driver income.

Number of Taxicab Licenses

Winnipeg has 400 licenses with extra licenses being issued only on a seasonal basis. The level of 400 was established in 1946 and has not been modified since then, with the exception of special licenses, (for example, handivan licenses and seasonal licenses issued at Christmas).

On the basis of the number of licenses per 1,000 of population, Winnipeg and Regina share the lowest number for Canadian cities with regulated industries. In 1986, Winnipeg had .7 licenses per 1,000 of population as compared to the average of 1.04 for cities with regulated industries.

By applying the average number of 1.04 per 1,000 population, Winnipeg could have 624 licenses, and using the

EXHIBIT 4

LICENSES PER 1000 POPULATION IN CITIES WITH REGULATED INDUSTRIES (1986)

CITY	POPULATION	LICENSES	PER 1000 POPULATION
Winnipeg	600,000	400	0.7
Regina	163,000	120	0.7
Hamilton	306,500	259	0.8
London	286,000	253	0.9
Mississauga	378,900	379	1.0
Windsor	195,000	200	1.0
Vancouver	430,000	428	1.0
Toronto	2,145,900	2,908	1.4
Ottawa	304,000	586	1.9
Average			1.04

Source: Economic Council of Canada and City of Calgary studies.

highest level, could have 1140. See Exhibit 4 opposite for the number of licenses per 1,000 population in a number of Canadian cities with regulated industries. Note that the over-all average in Canada, including cities with de-regulated taxicab industries, is much higher. Application of the ratio from the City of Calgary, which has a de-regulated industry, could result in more than 1,200 taxis in Winnipeg.

The relationship between the number of taxi licenses and demand for the service is largely unknown. None of the data sources used during the course of the study quantified the relationship between demand and, for example, tourism or proximity of the airports to city centres. One study did discuss the relationship between demand and the availability of public transit (see the Economic Council of Canada Working Paper No. 30) and concluded that demand is adversely affected by a public transportation system. On balance, the number of taxicabs per 1,000 population is commonly used as the indicator when discussing number of licenses.

Ninety-six and a half percent of the taxicab licenses in Winnipeg are controlled by two organizations which appear to exert inordinate influence over the industry, and its practices. While the industry is not a classic monopoly, this concentration of license ownership leads to decreased competition and fewer choices for consumers.

Ownership and control of licenses change from time to time. In some cases, licenses are "transferred" rather than sold, with a "goodwill" factor being associated with the cost of transfer. At present, this amount is in the $50,000-$60,000 range, which is the closest approximation to current market value of a license.

The Board is not always aware of changes in control and use of licenses.

- **Cost of Dispatch Services**

According to data collected during the interview process, the composite cost of dispatch services is estimated to be $5,000 per vehicle. The two large organizations own separate dispatch services; one is automated and the other relies on older technology. The detailed cost breakdowns are not known.

- **Vehicle Quality**

The overall quality of the vehicle fleet is marginal. Winnipeg is not known for clean, safe taxis, although the Board's inspectors do endeavour to enforce existing standards. Most cars are more than 3 years old when acquired for taxi service, and many were fleet vehicles prior to entering the taxi fleets.

In some cities, the regulatory system has led to use of new and better quality vehicles. Where this has occurred in a competitive, unregulated environment, the change has been rapid because customers are appreciative of high quality, comfortable vehicles.

The relationship between vehicle quality, demand for taxicab service and number of licenses is complex. None of the studies reviewed were informative in this respect and consequently, no finding can be made in this regard.

These findings indicate that Winnipeg's taxicab industry with its current tariff structure, fixed number of licenses and quality of vehicles, has produced an environment where drivers

are poorly paid, return on investment may be high, and risk is perhaps not being shared commensurate with allocation of financial return.

MANDATE AND ROLE OF THE TAXICAB BOARD

The Taxicab Board has a legislated mandate to regulate the industry. Section 17 of the Act gives the Board general supervision over taxicabs, their owners, operators and drivers in Winnipeg. The Board may:

> "(a) require every owner and every driver of a taxicab to comply with the laws of the province and municipal by-laws affecting the owner, operator, or driver, and his taxicab, in respect of the transportation upon the streets of persons or property;
> (b) require every owner of a taxicab to furnish adequate, safe, sanitary, and proper taxicab service, and to equip and maintain his vehicle in such condition as will enable him to do so;
> (c) establish or approve the compensation, charges, or tariff of fares, that taxicab operators and drivers shall charge or collect, including, if deemed expedient, maximum and minimum fares, and require that the fares be based on the measured mile, and that every taxicab be equipped with a taximeter;
> (d) prescribe and enforce reasonable standards of length, weight, and equipment, of taxicabs;
> (e) require every taxicab owner or operator to keep books, records, and accounts, so as to afford an intelligent understanding of his business as a taxicab owner, and to that end require taxicab owners to adopt a system of accounting' standardized according to the respective class of the owners, to be prescribed by the Board, and direct what, in the accounts, should be allowed for depreciation or replacements of properties;
> (f) require every taxicab owner or operator to report to the Board periodically, or upon request, in such form as the Board prescribes, upon accidents that occur directly or indirectly arising out of the operation of taxicabs by him, and investigate any accident and take steps to

prevent the occurrence of accidents in taxicab operation;

(g) issue plates or distinguishing marks which taxicab operators shall use and prescribe what distinguishing colour or markings shall be used upon any taxicab and its location and use thereon, and direct the removal of any plate or marking deemed to be confusing or unsightly;

(h) prescribe the maximum number of persons to be carried in any taxicab, the seating arrangements for the convenience and safety of passengers therein, and the provision to be made for carrying the luggage or property of the passengers;

(i) prescribe and regulate the use of taxicab standards or ranks in a municipality that does not do so or requests the board to do so; and

(j) require owners and drivers of taxicabs to maintain in their taxicabs and in the records of the board such means as the board prescribes for identifying the owner or driver of any taxicab while it is being operated on the streets."

The Act was amended in 1986 to include the following authority respecting regulations for:

"(a) prescribing the fee payable for a license to carry on a taxicab business in Greater Winnipeg,

(b) prescribing the fee payable for a permit to operate a taxicab temporarily in Greater Winnipeg,

(c) prescribing the fee payable for a license to operate a drive yourself business office in Greater Winnipeg,

(d) prescribing the fee payable for a drive yourself motor vehicle license in Greater Winnipeg,

(e) prescribing the fee payable for the transfer or replacement of any license or permit issued by the Board under this Act,

(f) prescribing the fee payable for taxicab driver licenses,

(g) prescribing forms for use under this act."

In addition to these general powers, the Board also has authority to regulate a wide variety of activities within the industry, including imposition of fines, suspension or cancellation of licenses, establishment of tariffs and imposition of licensing procedures.

With respect to these authorities, the findings on the issues related to mandate and role of the Board are as follows.

- **Size, Composition and Tenure of the Board**

  The Board is currently composed of five persons as follows:

  - a member of the Council of the City of Winnipeg nominated by the Council;
  - the Chief Constable of the Police Force of the City Winnipeg; and,
  - three other persons appointed by the Lieutenant Governor in Council

  The chairman is appointed by the Lieutenant Governor in Council.

  Board members serve at the pleasure of the Lieutenant Governor-in-Council and there is no set term of office.

- **Practices of the Taxicab Board**

  Although the Taxicab Board has a broad, legislated mandate allowing it to act independently, (with ultimate accountability to the Cabinet and not as an agent of the Province or City), in practice its activities have been restrained. For example, the Board does not regulate U-drives and at present only regulates handivans which have taxi meters (30% of the handivan industry).

  Apart from setting tariffs and performing vehicle inspections, the Board regulates few, if any, of the other key aspects of the industry. It does provide administrative confirmation of decisions made by industry participants,

but this activity may not be considered regulatory in nature.

- **Financing of the Board**

The Board does not finance itself through fees charged to industry participants. Rather, it relies on appropriations provided through the Department of Highways and Transportation. According to Departmental officials, its expenditures in fiscal year 1987/88 were estimated at $165,700 and revenue was estimated to be approximately $40,000. All revenue was assigned to the Province.

- **Enforcement Activities of the Board**

With its limited resources, the Board does enforce vehicle standards, including cleanliness. The Board officers also inspect taxi meters and respond to customer complaints. However, in terms of its legislated mandate, the enforcement activities of the Board are relatively insignificant.

- **The Age of the Taxicab Board Act**

Although the Act was first passed in 1935, its basic intent and purpose remain valid. Its powers are broad, and allow regulation of portions of Winnipeg's taxicab industry. However, the regulatory environment has changed since 1935 and the Act has not kept pace with what may be the intent and scope of intended regulation.

Some of the powers may no longer be needed, for example, regulation of U-drives, and others are inappropriate. In this latter case, the Board has found that enforcement provisions involving fines are not useful (the levels of fines are too low) and the only effective enforcement

provision is suspension or cancellation of a license, a penalty which may be too severe.

Interestingly, the Board's power to control competition has been used to further social policy objectives in that licensing of handivans has brought taxi service to physically disabled users at an affordable price to them. Exercise of this power however, has caused other problems which are addressed elsewhere in this study.

The role played by the Board does not, in practice, reflect the mandate established by the Taxicab Board Act.

CURRENT FUNCTIONING OF THE TAXICAB BOARD

The issues within this category relate to the needs of customers, the industry and regulation. Since many of these findings fall into one or more of the areas of issue, they are presented below in a synthesized manner.

Although the Taxicab Board is empowered by its Act to regulate many aspects of all taxicab licenses in Winnipeg, in practice it does not have effective control over most of these licenses. Within one organization, which controls a large number of licences, information collected during the course of this study indicates that licenses, or the uses of licenses, are transferred upon approval of the Board of the organization. Some of those interviewed have indicated that the Taxicab Board may be advised after the fact, but that in other cases, the Taxicab Board never does receive information on who effectively controls each individual license.

Furthermore, the Board is not regulating controllable, input costs incurred by the industry. The owners can control rates

of return with little regard to service levels provided to customers. Revenue and non-controllable costs are not known accurately by the Board and tariff increase applications are not evaluated thoroughly.

The Board's resources, that is, technical, financial and membership, are not commensurate with its mandate and the authority it should exercise under the Act. Tariffs are reviewed on the basis of submissions by license owners instead of defensible, objective methodology and data. The Board does not have a reliable data base.

Current enforcement provisions, especially fines, are generally outdated. Apart from its current level of enforcement activities, the Board does not have sufficient resources to ensure compliance with any decision which might be made respecting other sections of the Act.

Some regulations, according to industry participants, are not stated clearly, for example, reasonable cause for refusing a fare, and other regulations are not enforced at all. This leaves the Board with an image of being concerned with administration and not policy matters.

The Board appears to provide little coordination amongst and between the decisions it does make. For example, contracting procedures by large institutions who use industry services are not coordinated with licensing decisions taken by the Board. This is particularly evident in the area of handivans.

There is no formal appeal procedure of Board decisions. An aggrieved party may seek redress through the courts, a potentially costly and time consuming undertaking.

EXHIBIT 5

FARE STRUCTURE IN CANADIAN CITIES WITH REGULATED INDUSTRIES (1986)
5 KM FARE

Regina	4.80
Winnipeg	5.15
Mississauga	5.30
Windsor	5.35
Toronto	5.35
Hamilton	5.40
Vancouver	5.80
Ottawa	5.85
London	6.35
Average	5.48

Source: Economic Council of Canada and the City of Calgary studies.

The Board does not operate according to a defined set of objectives derived from its legislated mandate. While the Board's objectives are implicit within the Act, no information was uncovered during the course of this study to indicate that those objectives have ever been stated explicitly.

The Board functions on the basis of a largely inadequate data base, limited resources, and without clearly and explicitly stated objectives.

PRICE, QUALITY OF SERVICE AND CUSTOMER EXPECTATIONS

Interview results and documents reviewed during the course of this study indicate that the taxicab industry in Winnipeg has a poor public image and generally speaking, customers are unhappy with lack of service and choice. It is reasonable that customers should expect a level of service standards from a regulated industry in which the operators are granted monopoly rights, yet this study has produced no information to substantiate the claim that customer expectations are being met.

The specific findings are as follows:

- **Appropriateness of Fares**

  The tariff is similar to that of other Canadian cities. Exhibit 5 opposite shows the cost of a 5 kilometre trip in 1986, and indicates that Winnipeg was below average. However, the financial model developed in this study suggests that the likely return on investment is high. This raises the question of appropriateness of the tariff. Assuming that other cost levels are appropriate, the tariff could be high. Alternatively, input costs, eg. drivers or vehicles, could be low.

There does not appear to be any strong customer perception that prices are unfair and Board records do not indicate a concern with the price structure. However, customers may not be familiar with the financial profile of a taxicab license.

- **Passenger and Driver Safety**

There is no information to indicate that the professionalism of Winnipeg taxi drivers inspires customer confidence. On the contrary, some information suggests that the professionalism of drivers may be questionable. Drivers are relatively untrained in the geography of the City and in the skills expected of the taxi driver. During the interview process, drivers themselves have indicated that additional training is needed in areas such as first aid and emergency services. There is strong support for the current training program which includes topics on service to customers, personal grooming and city geography.

Driver safety has been dealt with by another study, The Report of a Committee on Taxi Driver Safety and Health of the Advisory Council on Workplace Safety and Health prepared in 1987 for the Provincial Minister of Environment and Workplace Safety and Health.

Interviews conducted for this study did not indicate that either passenger or driver safety at present is an issue of overriding concern, although there is a sensitivity to the matter.

- **Response Time**

Information collected from interviews during the course of this study indicate that response time does not appear to

be a problem except at peak periods and at certain public institutions. Included in these would be the International Airport and some hotels and health care institutions.

In summary, the Board does not exercise effective regulatory control over Winnipeg's taxicab industry. The likely return on investment suggests that the annual tariff may be high, or some costs may be too low.

While customer expectations perhaps are low at present, more information on the industry could change this situation. Driver training is well received but more is wanted and needed.

HANDIVANS

The issue of handivans strikes squarely at the basis upon which this case for regulation of the industry is based. The 1982 study The Taxi Industry and Its Regulation in Canada, undertaken for the Economic Council of Canada, indicates very clearly who present taxi clientele are

> "with the automobile now the primary means of transport, owing to its great flexibility in meeting an increasingly specific demand for travel in terms of time and route, the primary substitute for the private automobile must obviously be the taxi. A large part of the taxi clientele does therefore not own an automobile. This is confirmed by many studies, which reveal that a large part of the taxi clientele belongs to the various categories of people who are physically or financial unable to drive themselves, such as the unemployed residents of poor neighbourhoods, neighbourhoods, the elderly, disabled, housewives and students. In Winnipeg, the elderly and the disabled represent 1/3 of the taxi industry's clientele (IBI Group 1975)." (page 30)

The Board currently regulates only 30% of the handivans in Winnipeg and does not have a reliable data base on which to base its decisions. Some of those interviewed during the course of this study indicated there may be too many handivans, and other data indicate that the handivan industry is only marginally viable.

- **Cost to Individual Users**

  Handivans with taxi meters were first approved by the Board in an attempt to bring taxi transportation within the financial reach of the physically handicapped. The objective was to provide access to taxi services at prices paid by all taxi consumers. Accessibility to taxis was seen as a right and the approved tariff reflected this point of view.

- **Rate of Return on Investment**

  The Stechishin and Merrett studies, cited above, indicate very clearly that the current tariff structure provides an inadequate rate of return for handivans which have taxi meters.

- **Quality of Vehicles**

  There are significant differences of opinion between users and providers of handivan taxi services as to the adequacy and quality of the vehicles. Some users dispute the appropriateness and adequacy of equipment for entry and exit from the vehicles, including the procedures, and others suggest that there are unanswered questions relating to the design of handivans. This issue has arisen in other jurisdictions, especially Vancouver, where one company was formed to operate a fleet of specially designed and equipped vehicles.

A decision is needed with respect to the "right of access" to taxicabs and responsibility for any subsidy required to offset higher operating and capital costs for vehicles.

HUMAN RIGHTS

Findings on human rights have been seriously hampered by lack of adequate information. Discrimination based on race or other factors may occur but generally is not reported, according to individuals interviewed during the course of this study.

With respect to labour practices, drivers are not well informed of their rights under the law, particularly labour and work-place health and safety legislation. Accordingly, they do not generally seek redress of grievances through legal means.

SUMMARY

While structured as a public monopoly for the purpose of providing safe, reliable and good quality taxicab service to Winnipeg, it has become an industry where a private oligopoly has assumed a high degree of control.

The industry is characterized by a dated but comprehensive Act, relatively little regulation in practice, and possibly, high rates of return for owners. Drivers receive low levels of compensation, especially taking their share of financial risk into account. Consumer related service and quality issues have emerged only for some groups of users. The Board, because of a serious lack of resources, is not currently in a position to regulate the industry in an effective manner.

3. CONCLUSIONS OF THE STUDY

3. CONCLUSIONS OF THE STUDY

The conclusions reached during the course of this study with respect to the issues are presented below. These conclusions reflect the findings and form the basis for recommendations.

FUNCTIONING OF THE TAXICAB INDUSTRY

The rates of return on capital employed by license owners may be excessive for a regulated industry. Fixed costs are relatively low and, due to the existing system for driver compensation, drivers carry a disproportionate share of the business risk.

Capital investment in vehicles is low, which, for the industry as a whole, reinforces the image of poor quality. There is an urgent need for greater regulation and enforcement of vehicle standards including cleanliness, appearance, maintenance, age of the fleet and perhaps size.

Driver income is low and does not reflect the levels of skill and knowledge required in order to provide a desirable level and quality of service. On the current basis of sharing revenue, and generally not providing any benefits beyond the revenue share, drivers are operating at minimum wage levels. Furthermore, the long hours of work on each shift may be contributing to perceptions of poor safety which have been articulated by some customers.

Based on data from other cities, and the apparent financial good health of existing taxicab licenses, Winnipeg should be

able to support more licenses. The average number of licenses per 1000 population for cities with regulated industries suggests an additional 224 licenses.

Concentration of license control is not a healthy development for the industry because it may lead to decreased competition, higher returns for the license owners, and fewer choices for consumers. The entire matter of ownership, control and use of taxicab licenses, while within the power of Board to regulate, appears to be beyond the control of the Taxicab Board at present.

The cost of dispatch services is a matter of concern. The efficiency of the dispatch services and whether value is being received by the users of the service, is not known.

The functioning of this industry does not provide a positive answer to the key question of whether or not the public is being served in an appropriate manner. Lack of competition, low levels of investment in vehicles and a disproportionate sharing of financial risk and reward are key industry characteristics which substantiate this general conclusion.

MANDATE AND ROLE OF THE TAXICAB BOARD

The Taxicab Board Act, while outdated in some respects, provides for comprehensive and thorough regulation of the taxicab industry in Winnipeg. While some specific provisions require updating, the intent of the Act remains valid.

The Board does not have explicit objectives which govern its activities but the Act indicates a number of implicit objectives. These are as follows:

- To ensure adequate levels of service and choice to customers at a fair price;

- To ensure that taxicab owners get a fair return on their investment;

- To ensure that other members of the industry such as drivers, are properly trained, work under fair and safe conditions and receive a fair income; and

- To develop, administer and enforce a set of regulations to achieve these objectives.

The Board at present is not fully achieving these objectives.

The Board lacks financial resources and does not have sufficient human and information resources to be effective in regulating the industry. However, by virtue of the 1986 amendment to its Act, the Board has the authority to apply fees which would allow it to discharge its objectives more fully.

Activities of the Board have tended to be administrative and procedural rather than policy enforcement oriented.

With respect to its size, composition and tenure, the Board is too small for the responsibilities given it under the Act. The composition seems appropriate since the interests of both the City and the Province can be reflected during the Board discussions. Continuity of membership, however, is a serious problem since, traditionally, Board membership changes when Provincial Governments change.

The Board is not in a position to increase its level of effort in enforcement and compliance activities. Appropriate

resources are not available, and, until the Board decides on the degree of regulation it wishes to implement within its general authority, enforcement activities cannot be defined, let alone implemented.

In addition to the above changes, the Taxicab Board Act requires updating in the area of mandate (removing power to regulate U-Drives, for example) and enforcement provisions.

CURRENT FUNCTIONING OF THE BOARD

The Board does not at present effectively regulate most of the taxicab licenses in the City. It does not regulate costs of the industry, for example, level of capital investment in a vehicle, or compensation for drivers, and it does not regulate the market in taxicab licenses. It does not have a data base upon which to base decisions.

The Board's record of limiting the number of permanent licenses may contribute in part to the trading price of licenses.

In some cases, the Board does not appear to coordinate its decisions when considering complex issues. This has arisen in particular within the handivan industry.

There is no formal appeal procedure of Board decisions. Redress may be sought through the courts.

The Board does not disseminate consumer information nor does it publish industry data. Thus, consumers and industry cannot work from a common base of information.

While dedicated and hard working individuals, the staff of the Board do not have the training and experience to provide the wide range of specialist services which the Board requires when taking decisions. This is particularly apparent during the review of applications for increased tariffs, and would become more evident should the Board decide to regulate the industry in accordance with its Act.

PRICE, QUALITY OF SERVICE AND CUSTOMER EXPECTATIONS

Based on the data developed in this study, the tariff structure may be too high unless input costs are adjusted, for example, level of capital investment in vehicles or driver income. No information has been presented to justify existing rates of return on capital employed by license owners.

The current driver training program is supported by the industry at large, but additional training is being requested. Many of those interviewed indicated that better trained drivers leads to greater passenger and driver safety.

The response time is generally indicated by sources of information to be adequate in non-peak periods. However, there is a serious inadequacy at certain institutions, particularly at peak periods or at unattractive times for drivers to be on the road.

In general, customers are receiving neither the benefits of regulation nor of competition. They are, in effect, getting the worst of both worlds because the industry is concentrated and not open to reasonable competition. With two organizations controlling more than 96.5% of the taxicab licenses, effective control of the industry has moved away from the Taxicab Board.

HANDIVANS

It is unclear whether handivans ought to be viewed as a commercial industry or as a necessary social service. However, it is unreasonable to expect that either the providers or users of the service alone should bear the cost of subsidies resulting from the complexities of this specialized business.

Under present conditions, the handivan business is only marginally viable. Unless a number of outstanding issues regarding equipment, procedures, general service adequacy and the tariff structure are resolved, there will continue to be turbulence within this industry in terms of ownership change and quality of service.

HUMAN RIGHTS

The data base is not sufficient upon which to base conclusions respecting violations of human rights. However, some data collected during this study indicates that violations do in fact occur, and that in some cases, grievances are taken to the Human Rights Commission.

With respect to labour practices in general, drivers do not avail themselves of Manitoba's labour legislation. For the most part, they are deemed to be independent contractors and not employees.

SUMMARY

In summary, the taxicab industry in Winnipeg is regulated only to a minor degree, despite a comprehensive, but dated, Taxicab Board Act. Rates of return on capital appear to be high and drivers likely are carrying a disproportionate share of

financial risk. The Board requires additional resources for effective regulation but must decide on the extent to which it wishes to regulate the industry.

In past years, the Board appears to have lost sight of the intent of the Taxicab Board Act and specific industry interests have taken precedence over service to the customer. The importance of the industry to the Winnipeg's well-being as a modern, sophisticated city has not been reflected by the regulatory activities of the Board.

4. POLICY ALTERNATIVES

4. POLICY ALTERNATIVES

This study concerns regulation of the taxicab industry in the City of Winnipeg and, as such, it is appropriate to define policy alternatives. The basic alternative policy frameworks are presented below.

ALTERNATIVE 1 - RELIANCE ON PURE MARKET FORCES

This alternative implies that pure market forces and open competition should determine prices, service levels and returns on investment in the taxicab industry. Total deregulation is implied by this alternative.

Experience of other cities with total deregulation provides little evidence that it works well. On the contrary, there is some evidence to suggest it leads rapidly to deterioration of quality of service, including unpredictable response times and fluctuating tariff structures. De-regulation actually has led to fare increases in a number of U.S. cities. The Municipal and Public Utility Board Study of 1931 and the Taxicab Inquiry Commission Report (1972), cited earlier in this report, speak eloquently about the problems of a deregulated industry, including the social ills which can be a result of this policy.

ALTERNATIVE 2 - COMPLETE REGULATION

This alternative implies development of a series of comprehensive regulations under the existing conditions of licensed capacity and ownership. The objective would be to exercise complete control over prices, service levels and return on

investment. The consequence would be a taxicab industry similar to the public transit system.

This alternative could be expensive and would amount, in effect, to public management of the industry.

ALTERNATIVE 3 - INCREASED COMPETITION ALONG WITH STRICTER REGULATION

This alternative involves a combination of increased competition and tougher regulations to create a better balance in the industry. The Board would use its authority to determine the number of licenses and regulations on their ownership, transfer and renewal, and other regulations for the industry to ensure that the Board's obligations under the Act are met.

In effect, this alternative embodies the intent of the Taxicab Board Act. It appears to be a practical, preferable alternative to either lesser or greater regulation of the industry.

Recommendations developed for this study are based on a policy of fostering increased competition, along with stricter regulation.

5. RECOMMENDATIONS

5. RECOMMENDATIONS

Recommendations presented in this chapter reflect the findings and conclusions of the study. They are arranged in order of priority with effective regulation of the taxicab industry in Winnipeg being the main criterion. This chapter also contains a brief section on implementation of the recommendations.

RECOMMENDATIONS

1. The Taxicab Board Act

The Taxicab Board Act should be rewritten to reflect contemporary conditions. Similarly, regulations should be updated. Specific changes to the Act should reflect the recommendations made by this study.

2. Taxicab Board Objectives

The Board should set clear objectives for itself and function as an instrument of policy rather than as a mere administrator of current practices. The objectives should be as follows:

- To ensure adequate levels of service and choice to customers at a fair price;

- To ensure that taxicab owners get a fair return on their investment;

- To ensure that other members of the industry, such as drivers, are properly trained, work under fair and safe conditions and receive a fair income; and,

- To develop, administer and enforce a set of revised regulations to achieve these objectives.

The Board should decide on the appropriateness of these objectives, and if acceptable, should proceed to apply them immediately.

3. Return on Investment

The Board should immediately undertake a detailed revenue and cost analysis of the industry to determine conclusively if excessive returns on investment are being made by the license owners. Pending the outcome of this study, there should be no change to existing tariff rates.

4. Competition and Licenses

It is recommended that the Board create a more competitive environment within the industry, in support of ensuring quality service and choice for customers.

The Board could alter the number of licenses in order to dismantle the current concentration of license ownership and control in the industry, in support of promoting more effective competition.

Consultation should be held with license owners, drivers and other interested parties through a public hearing process with respect to the need and timing for the issuing of new licenses.

The Board should determine and place a ceiling on the number of licenses held by any one company, individual or cooperative. Any new licenses should be issued in block amounts at this level through a public tendering process, in accordance with criteria to be established by the Board. Revenue for license sales should accrue to the Board.

Notice should be given to existing license owners that all licenses will be subject to renewal after a period of time, possibly five years, and that renewals will be based on strict conformity with revised regulations and standards which the Board will be establishing. New licenses which might be issued should also be on the basis of this renewal provision.

5. **New Regulations**

The Board should develop and enforce a comprehensive set of regulations affecting driver income, driver training, vehicle condition and administrative procedures. These regulations should serve both industry and the customer fairly, but bear in mind that customers must always come first. As a guideline, it is recommended that driver income, including benefits, be not less than the minimum wage, and perhaps at the level of the average industrial wage in Manitoba.

6. **Appeal Procedure**

It is also recommended that an appeal mechanism be included in the revised legislation. The scope of appeal should be broad and wide-ranging so as to ensure openness and accountability for board decision-making.

7. Data Base for Decision Making

The Board should develop a financial and economic base of industry information that can be used to make key decisions. This information base should focus on data collected from the owners of taxicab licenses in accordance with Section 17(1)(e). Where appropriate, it could be substantiated data from other cities. A proposed reporting form is provided in Appendix 4.

The board should use this data as a base for financial modelling to test for sensitivity of policy options, for example, changes to the tariff structure, or rate of return on investment.

8. Size, Management and Funding of the Board

The size, management and funding of the Board should be changed so as to enable it to discharge fully its mandate under the Act.

Membership of the Board should be increased to at least 9, with 4 being appointed by the City of Winnipeg and 5 by the Province of Manitoba. Appointments should be for a fixed term to enhance independence as well as to bring stability to its leadership. The intent of this recommendation is to ensure that the balance between Provincial and City interests be maintained, while accommodating the increased workload which the Board will face in the next few years.

Revised regulations should allow it to charge a "regulatory fee" so as to provide the necessary financial resources to ensure effective regulation of the industry.

On complex issues requiring independent analysis and information, the Board should deal with professional bodies and organizations that will provide reliable information and objective advice. This is in preference to relying solely upon ad hoc information supplied by groups within the industry.

In this context, it is also recommended that the Board hold public hearings on applications for changes in the tariff, and on any other matter of importance to the industry. These public hearings, while providing for active participation by industry groups, should be formal to the extent that evidence be given and be subject to cross-examination. During any hearing process, it is recommended that the Board avail itself of independent legal counsel, financial advice and expert assistance for other topic areas which might be dealt with during the hearing.

9. U-Drives

On the issue of U-drives, it is recommended that the Board should concentrate on the taxicab industry and relinquish its jurisdiction over U-drives.

10. Handivans

Regulation of handivans is complex because matters of social and economic policy beyond the scope and mandate of the Board are involved.

It is recommended that the Board pursue one of two options. The first option involves bringing all handivans under its mandate and regulating these vehicles in accordance with a cost structure which allows for a reasonable rate of return on investment, and at a level of service which meets the needs of its customers. Under this option, any required subsidy should be provided to the Board by the appropriate departments of government (City or Provincial) for distribution to this section of the industry.

The second option entails relinquishing jurisdiction completely for handivans and assigning it to appropriate social agencies. Implementation of this option could see an arrangement whereby handivan services would be procured on the basis of competitive tender, with provision for use on demand by handicapped individuals at a cost similar to current taxicab tariff.

The second option is preferable and recommended, but only if the rights of the users can be protected.

11. Risk Sharing

In accordance with the need for fairness and sharing of risk, and ensuring appropriate levels of service, it is recommended that the Board develop a policy on driver income. Development of this policy should be based on a detailed investigation into the nature of the relationship between the licence owner and driver. The investigation should focus on whether or not the drivers are, in fact, "independent contractors" or employees. The investigation should also confirm driver compensation at present, and address the current practice of issuing non-transferrable driver licences.

EXHIBIT 6

SUMMARY OF RECOMMENDATIONS AND ELAPSED TIME FOR IMPLEMENTATION

	RECOMMENDATIONS	ELAPSED TIME FOR IMPLEMENTATION
1.	Taxicab Board Act	
	. re-writing of Act and Regulations	12 months
2.	Taxicab Board Objectives	
	. setting and approval of objectives	1 month
	. application of objectives	on-going
3.	Return on Investment	
	. detailed revenue and cost analysis	2 months
	. no change to existing tariffs	2 months
4.	Competition and Licenses	
	. creation of a more competitive environment	on-going
	. consultation with industry participants and new licenses	on-going
	. ceiling on number of licenses	6 months & on-going
	. public tendering for new licenses	6 months & ongoing
	. notice of renewal period	6 months
	. license renewal	60 months & ongoing
5.	New Regulations	
	. driver income and training, vehicle condition and administrative procedures	6 months
6.	Appeal Procedure	
	. include in new Act	1 month
7.	Data Base for Decision Making	
	. development of the data base	12 months
	. application of the data base	on-going
8.	Size, Management & Funding of the Board	
	. change size but keep Provincial/City balance	12 months
	. set and apply regulatory fees	1 month
	. use professional advise	on-going
	. use a public hearing process with cross examination and "expert" evidence	on-going
9.	U-Drives	
	. relinquish jurisdiction	1 month
10.	Handivans	
	. select option	6 month
11.	Risk Sharing	
	. development of policy on driver income and licensing	6 month
12.	Training	
	. expand current training program	on-going
13.	Public Involvement	
	. policy decision on public involvement	1 month
	. publish industry data	on-going

12. **Training**

The current training program should be expanded. As well, other training standards should be considered in order to ensure that drivers provide a high quality and professional service to their customers.

13. **Public Involvement**

The Board should establish a forum to deal effectively with consumer and public views regarding the taxicab industry. This forum might consist of public hearings on applications to change the tariff structure, or some other mode which is acceptable to the Board and the consumers. In order to ensure effective public participation, the Board should publish industry data and provide resources, where it deems assistance is warranted, to intervenors at its hearings.

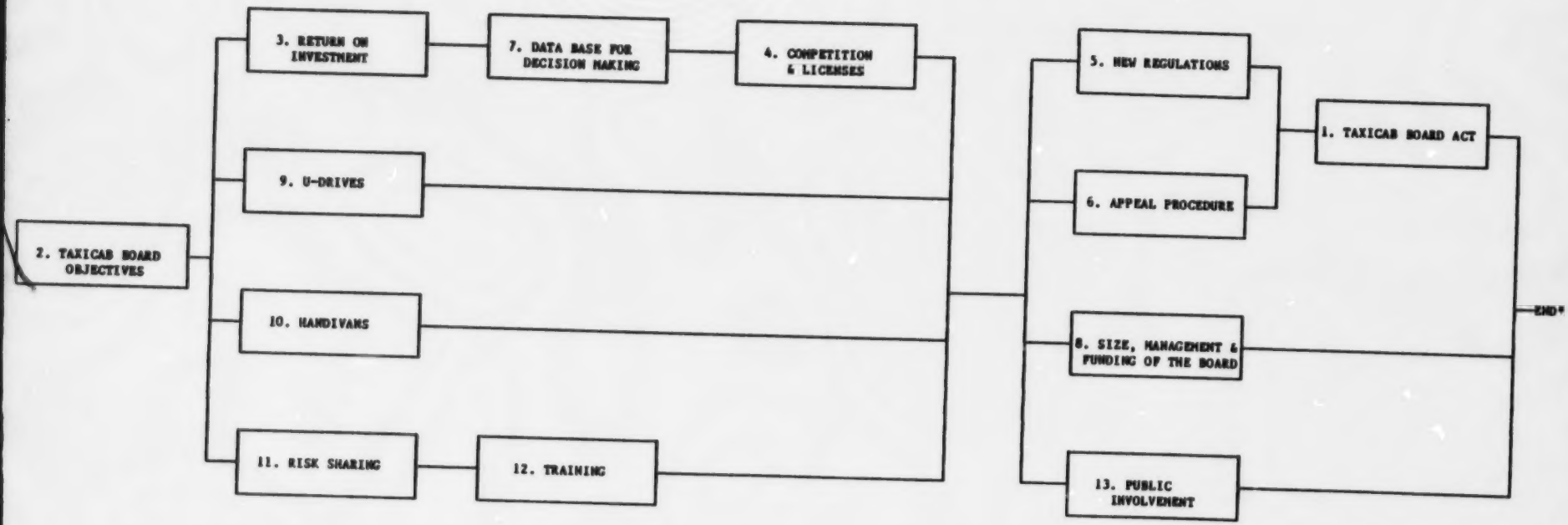
IMPLEMENTATION

Implementation of the recommendations should proceed immediately. Exhibit 6 opposite, groups and summarizes the recommendations, and shows the estimated elapsed period of time required for implementation. Exhibit 7 following shows the sequence in which the recommendations should be implemented. The full impact of these changes will become evident over several years, and the degree of cooperation in the industry will be the critical factor in maximizing benefits to all participants.

There is a sense of urgency in the industry which reflects the level of regulation elaborated upon in this study. It is

EXHIBIT 7

IMPLEMENTATION SEQUENCE FOR THE RECOMMENDATIONS



* MINIMUM ELAPSED TIME OF 39 MONTHS.

recommended that the Board respond to the concerns by acting expeditiously. Increased confidence in the Board will result from prompt action.

In developing this implementation plan, it has become apparent that a large number of necessary changes can be initiated while the Act is being revised. It does not appear that there are any serious impediments to responsive and immediate action by the Board and, in fact, there is an expectation that decisions will be taken in the near future.

SUMMARY

The recommendations presented in this report address important and pressing issues facing the Winnipeg Taxicab Board and the industry it regulates. A sense of priority and timing has been applied throughout the study process, and our knowledge and experience of the industry has led us to present recommendations at a level of detail, and in an order of importance, which we feel will prove beneficial to the industry.

The Taxicab Board should proceed in a deliberate manner, using the authority which already exists under the current Act, to implement changes. Concurrently, the Board should participate in the process of amending the Taxicab Act. Firm, regulatory leadership is needed in order to restore balance and health to the taxicab industry in Winnipeg.

APPENDIX 1

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BIBLIOGRAPHY

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APPENDIX 2

DESCRIPTION OF INTERVIEWS BY CATEGORY

DESCRIPTION OF INTERVIEWS BY CATEGORY

Taxicab Organizations

Duffy's Taxi
Unicity Taxi
Blue Ribbon Taxi

Taxicab Drivers

Winnipeg Taxicab Drivers

Handivan

Users	- Manitoba League of Physically Handicapped - Independent Living Resource Centre - People in Equal Participation - Canadian Paraplegic Association
Owners	- Greater Winnipeg Handicapped Transportation Group
Organizations	- Decade of Disabled Persons

Regulatory Organizations

Winnipeg Taxicab Board and Staff
Motor Transport Board and Staff
Manitoba Human Rights Commission
Metro Toronto Taxicab Licencing Commission
City of Windsor Taxicab Licence Commission

APPENDIX 3

FINANCIAL MODEL
ESTIMATED ANNUAL REVENUE, COSTS AND RETURN TO LICENSE OWNERS

FINANCIAL MODEL

ESTIMATED ANNUAL REVENUE, COSTS AND RETURN TO LICENSE OWNERS

ITEM	AMOUNT	% OF TOTAL
REVENUE		
Meter Revenue	$100,000	100.0%
EXPENSES		
Variable Expenses		
Automobile Servicing	$ 6,500	6.5
Drivers	50,000	50.0
Fuel	13,000	13.0
Total	69,500	69.5%
Fixed Expenses		
Automobile Insurance	3,000	3.0
Depreciation	2,000	2.0
Dispatch Services	5,000	5.0
Licenses, Fees, Workers Compensation	1,500	1.5
Major Repairs	2,500	2.5
Owner/Manager Services	2,000	2.0
Total	16,000	16.0%
Total Expenses	$ 85,500	85.5%
RETURN TO LICENSE OWNER	$ 14,500	14.5%

FINANCIAL MODEL ASSUMPTIONS

Key assumptions incorporated into the financial model are summarized below.

Meter Revenue

Meter revenue is the combined total of drop charges, mileage tariffs and waiting time charges accumulated on an assumed average of 20,000 trips per year at $5.00 per trip. Number of trips and fare per trip estimates are based on interview data and other studies.

Automobile Servicing Expenses

Automobile servicing is based upon routine requirements for 160,000 km per year of trip distance.

Drivers

Cost of drivers is assumed to be 50% of the meter revenue. This reflects the practice of the industry.

Depreciation Expense

Depreciation expense is based upon an assumed 3-year amortization of a used vehicle having an initial value of $6,000.

Major Repair Expense

Major repair expense is an estimated allowance for major items such as engine, transmission and rear end replacements.

Owner/Manager Services

Owner/manager services is an estimated allowance for services contributed to the business by the owner of the taxi license. This includes an assumed $1,500 for management and administration, $300 for partial use of residence as an office and $200 for off-hours storage of the vehicle at the owner's residence.

Return on Investment

Return on investment is the net profit earned by the taxi license owner after payment of the assumed expenses. The financial model shows this to be a total of $14,500 under the stated assumptions.

APPENDIX 4

TAXICAB LICENSE(S) OWNER PROPOSED INFORMATION RETURN AS PER SECTION 17 (1) (e) OF THE TAXICAB ACT

TAXICAB LICENSE(S) OWNER
PROPOSED INFORMATION RETURN AS
PER SECTION 17 (1) (e) OF THE
TAXICAB ACT

Name and Address

1. Name of the License(s) Owner:

_____ _____
(name) (license number)

Mailing Address: _____
_____
_____

2. Name of the Taxi Company: (if appropriate)

_____

3. Original cost of license(s):

_____

Taxi Vehicle and Special Equipment

4. What vehicle(s) do you use in your taxi business?

Month/Year Acquired	Make and Model	Purchase Price
_____	_____	_____
_____	_____	_____

5. It is gasoline or propane powered?

Gasoline _____ Propane _____

6. What special equipment is installed in your vehicle?

Month/Year Installed	Equipment Name and Model	Purchase Price
_____	_____	_____
_____	_____	_____

Vehicle Usage

7. How many taxi trips did you have in the past year?

From dispatcher	_____ trips
Other (such as airport, contract or off-street customers)	_____ trips
Total Trips	═══

8. How many kilometres was your taxi vehicle(s) on the road in the past year?

_____ kilometres

9. How many hours was your taxi vehicle(s) driven in the past year by you? How many hours was the vehicle(s) driven by drivers?

By License Owner	_____ hours
By Driver(s)	_____ hours
Total Hours	═══

Vehicle Operating Costs

10. What was the total cost of fuel for your taxi vehicle(s) in the past year? $_____

11. How many litres of fuel were used?

_____ litres

12. What major repairs did you have to your taxi vehicle(s) in the past year? (List only each repair of more than $1,000.)

Date of the Repair	Odometer Reading	Brief Description of the Repair	Cost of the Repair
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

13. What was the total cost in the past year for all routine maintenance and car care expenses such as oil changes, tune-ups, brake pads, wheel balancing, new tires, car washes, etc.? $_____.

Driver Information

14. How many different drivers have you used this past year? _____ drivers.

15. How many evening shifts have been driven in the past year on weekends by your drivers? _____ shifts.

16. Which of the following benefits do you pay to your drivers?

	Yes	No
Canada Pension Plan	____	____
Unemployment Insurance	____	____
Workers Compensation	____	____
Statutory Holidays	____	____
Vacation Pay	____	____
Dental Plan	____	____
Health Plan	____	____
Group Life Insurance	____	____
Other _____	____	____

17. How is the cost of drivers calculated?

_____

18. What other pay incentive systems do you have for your drivers?

_____